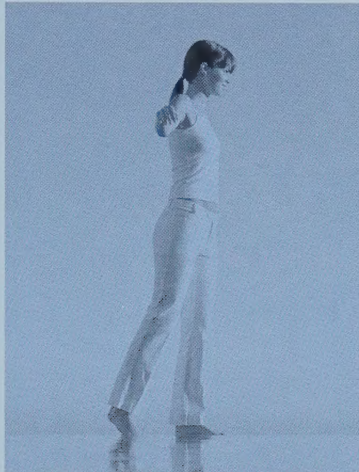


AR81



SWISS WATER®
PROCESS



Swiss Water
Decaffeinated Coffee
Income Fund

2005

Annual Report
to Unitholders for
the year ended
December 31, 2005

FUND PROFILE

The Swiss Water Decaffeinated Coffee Income Fund is a limited purpose, open-ended trust created to acquire and hold the securities of Swiss Water Decaffeinated Coffee Company Inc. ("SWDCC").

COMPANY OVERVIEW

Headquartered in Burnaby, British Columbia, SWDCC is the world's only consumer branded chemical free coffee decaffeinator, and is certified organic by the OCIA (Organic Crop Improvement Association).

FACILITIES

We operate a 37,000 sq. ft. Swiss Water® Process plant from the Vancouver suburb of Burnaby, British Columbia, Canada.

PRODUCTS

SWDCC decaffeinate customer-owned coffees, including organically-certified coffees, for a toll fee. The company also purchases high-quality green coffees from more than 15 different countries, decaffeinate them and markets them to the green coffee trade.

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Performance Highlights

(\$ thousands except per unit amounts)

	2005	2004	2003
Operations			
Sales	\$ 25,820	\$ 24,817	\$ 24,305
Operating income (EBITDA) ⁽¹⁾	7,918	8,875	8,547
Net income	6,916	7,012	6,312
Distributable Cash and Distributions			
Distributable cash generated ⁽¹⁾	\$ 7,962	\$ 8,590	\$ 7,911
Distributable cash generated per unit ⁽²⁾	1.19	1.34	1.45
Distributions declared	8,691	8,294	7,103
Distributions declared per unit	1.30	1.30	1.30
Revenue by Geographic Region			
USA	57%	58%	59%
Canada	33%	32%	28%
International	10%	10%	13%
Revenue by Customer Segment			
Coffee Brokers	43%	44%	48%
Commercial Roasters	39%	41%	40%
Roaster Retailers	18%	15%	12%

(1) EBITDA and Distributable Cash are non-GAAP financial measures that are defined in the Management's Discussion and Analysis.

(2) Per unit amounts are calculated on a weighted average basis.

In 2005 we:

- Completed construction and began commissioning of a second SWISS WATER® Process production line, on time and on budget.
- Added six new sustainable organic coffees to our product offerings list.
- Received the highest ranking ever awarded a decaffeinated coffee by the respected *Coffee Review*.
- Successfully completed union negotiations for a four-year contract with our United Food and Commercial Workers employees.
- Overcame significant coffee market and operational challenges to achieve a strong fourth quarter with record-breaking processing volumes.
- Reduced distributions for 2006 to lay foundation for improved competitive position.

To our Unitholders

We are pleased to present the fourth annual report of the Swiss Water Decaffeinated Coffee Income Fund. The year 2005 was both exciting and challenging for Swiss Water Decaffeinated Coffee Company (SWDCC).

The specialty coffee market continued to grow, with good underlying consumer growth in the decaffeinated coffee category and, in particular, SWDCC's chemical free segment. Work on our plant expansion progressed on budget and on schedule, culminating in December with the successful start up of our second production line. This major capacity addition has positioned us to meet the growing demand for our products well into the future.

Throughout 2005, our financial performance was negatively affected by a dramatic run-up in coffee commodity prices on the New York Coffee, Sugar and Cocoa Exchange (CSCE). In addition, we felt the impacts of an increasingly competitive pricing environment for our products and the continued strengthening of the Canadian dollar.

RESPONDING TO CHANGING MARKET DYNAMICS

In 2005, due primarily to the rapid rise in CSCE commodity pricing, we decaffeinated 7.5% less coffee, by weight, than in 2004. Between November 2004 and March 2005, coffee prices increased by approximately 70%. As in previous price run-ups, many of our roaster customers tightened their inventories, reducing the number of weeks of supply held on hand while awaiting a market correction. The loss of some key customers to competing decaffeinator with lower-priced offerings also contributed to our volume erosion.

We experienced a significant recovery in our processing volumes in mid-May, as coffee prices began to stabilize. The turnaround was temporarily interrupted in the third quarter by two extraordinary events. In July, our production was slowed by a truckers' strike at the Port of Vancouver that delayed delivery of in-coming green coffee to our plant. Then in August, we experienced a furnace malfunction that resulted in the first ever unscheduled shutdown in our plant's 17 years of operation. By year-end, we were again on track, recording record processing volumes in the fourth quarter, with customer demand outstripping our pre-expansion production capacity.

The year-over-year volume reduction and impacts from pricing changes and foreign exchange resulted in a 10% decline in the Fund's operating cash flow, which decreased to \$7.9 million from \$8.8 million in 2004. While we fully expect our volumes to continue to grow through 2006 and beyond, we recognize that growing competition in the chemical free segment of the decaffeinated coffee market, including "water"-based competition, will have an impact on the rate at which we are able to utilize our new capacity as well as on pricing for our products and services. For these reasons, we reduced our monthly cash distribution in December to \$0.0708 per unit from the \$0.1085 per unit that we had maintained since the Fund's inception. The new monthly distribution equates to \$0.85 per unit annually. Distributions at the reduced level will continue until we see a sustained improvement in our distributable cash flow.

BUILDING OUR PROFILE WITH THE COFFEE TRADE

During 2005, we focused on expanding our market penetration in North America and selected international markets by strategically targeting broker, roaster and retailer customers with trade-focused initiatives. These programs help our customers attract those consumers who already appreciate the benefits of premium coffee that's decaffeinated without chemicals, and to share our message with those who don't. To help offset the negative impact of our lower volumes on net income, we deferred the majority of the year's planned spending on direct-to-consumer advertising and promotion to 2006.

In addition to providing educational materials for front-line staff, we continued to make many high-quality consumer marketing resources available to our customers through the SWISS WATER® Licensed Vendor Program. Licensed Vendors are listed on a web-based directory that guides consumers to the coffee houses and grocery stores where they can buy SWISS WATER® Process decaffeinated coffee. In 2005, our roster of registered vendors grew by 37%, bringing the total number of participants to 478.

We also continued to work closely with our customers in the higher-margin independent coffee house segment, as well as with a growing roster of customers in the mainstream chemical free decaffeinated segment, to develop co-branding initiatives. By placing our logo on their product packaging and promotional materials, these initiatives help our customers differentiate themselves from the competition, while giving our brand valuable consumer exposure.

PRESERVING OUR ADVANTAGE

Early in 2005, in response to aggressive pricing actions by key competitors in the chemical free segment of the decaf market, we began to implement a tactical restructuring of SWDCC's pricing. In December, we rolled out a complete strategic pricing structure to compete with lower-priced offerings.

We will continue to manage our competitive exposure through tactical pricing initiatives as well as through the aggressive execution of our proven growth strategies. In 2006, we plan to resume our investment in building consumer awareness of the SWISS WATER Process® brand through targeted marketing campaigns. We will also continue to differentiate our offering through the delivery of a full-service value package to our customers, including customer education, merchandising support and customized product offerings. This is a key competitive advantage for SWDCC. We are confident that this proven approach will enable us to retain our close relationships with current accounts, and to continue winning new accounts, into the future.

GROWING OUR ORGANIC MARKET SHARE

SWDCC is uniquely positioned to meet rising demand for organically certified decaffeinated coffee. This increasing demand continues to drive our underlying business growth.

We have responded to escalated competition in the organic market with targeted price actions and by expanding our offering of high-quality organic products. In January 2005, adding to the line of sustainable organic coffees we launched early in 2004 under the "Quadra Seal" trademark brand, we introduced four new organic products. In April 2005, we added two further offerings.

With these new organic coffees, we increased our product offerings list by 30%, with good response from the coffee trade. We expect that more variety will lead to even greater interest in the category – and revenue gains for both SWDCC and our roaster retailer customers.

ENHANCING PROCESS PERFORMANCE

To support our volume growth, we continue to work to optimize our processing rates while improving underlying process management programs for safety, manufacturing practices, preventative maintenance, and quality improvement.

In 2005, we completed union negotiations with our United Food and Commercial Workers employees on a four-year contract. This contract is important in that its length provides stability to our operation for a significant period while offering opportunities for our unionized employees to participate in the growth of the organization.

Our excellent progress in the area of quality management was affirmed in March when SWISS WATER® Process Organic Decaf Espresso received the highest ranking ever given to a decaffeinated coffee by the highly respected Coffee Review. In fact, of the top six decaffeinated coffees reviewed, half were SWISS WATER® Process coffees. Based on a 100-point scoring system, our three decafs scored 92, 90 and 90, respectively.

The need for investment in preventative maintenance was underscored by the furnace malfunction we experienced in August, which resulted in the loss of approximately 14% of the quarter's production time. During this unexpected curtailment, we took the opportunity to rebuild a small section of the furnace.

We expect that the addition of our second production line will eliminate any need for complete maintenance shutdowns in future.

The new line has increased our processing capacity by an estimated 65%, allowing us to meet anticipated growth in customer demand. It has also provided us with the option to increase our pre-expansion capacity a further 35% with a minimal capital expenditure of \$2 million. To support this increase in processing capacity, we are implementing a number of new process management initiatives associated with preventative maintenance and plant safety in 2006.

MANAGING OUR MARGINS

With approximately 77% of our annual sales denominated in US dollars, our business has been affected by the strengthening Canadian dollar over the past three years. Through early 2005, we had largely mitigated the impact of exchange rate volatility through pricing actions. However, due to increased competition, we have broadly adjusted our pricing strategy which will impact margins going forward.

In order to reduce potential variability in cash flow, we have continued our practice of purchasing forward contracts for the Canadian dollar and for natural gas. This enables near-term planning of our business with some certainty.

OUTLOOK

The outlook for SWDCC is positive. Consumption of decaffeinated coffee continues to increase, fueled largely by growing awareness among health-conscious consumers of the benefits of chemical free and organic decaffeination methods. The launch of our new production line has generated significant interest from major new customers as well as our existing customers, many of whom have expressed their confidence in SWDCC's ability to grow with them by expanding their business coverage with us.

We commenced shipment of coffee from the new line in mid-February. As this report goes to press, our order book for the first half of 2006 is well ahead of last year. We are seeing very solid demand through the remainder of the year and expect 15% volume growth in 2006.

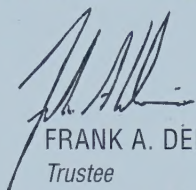
We believe the current distribution level is sustainable for 2006 given the present competitive environment and the level of capacity utilization that we can confidently expect. Based on a payout ratio of approximately 90%, this level of distributions will enable us to maintain a conservative capital structure and enable financial flexibility.

Going into 2006, our priorities are to drive cash flow growth by aggressively pursuing additional volumes for our new production line and to effectively manage our margins so we can continue to meet our commitments to unitholders. We are confident of our ability to deliver in both regards.

Early in 2006, Burt Dennis, our Chief Financial Officer, stepped down from his position because of illness, and has decided not to stand for reelection to the Board. We will miss his personal and professional contribution to the Company.

In closing, I commend our employees for rallying to the year's challenges, extend sincere appreciation to the many customers who have affirmed their loyalty to SWDCC, and thank our unitholders and Board members for your continued support and confidence.

On behalf of the Board of Trustees,

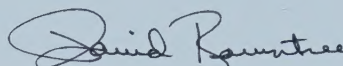


FRANK A. DENNIS

Trustee

President and CEO

*Swiss Water Decaffeinated
Coffee Company Inc.*



DAVID J. ROWNTREE

Chairman and Trustee

*Swiss Water Decaffeinated Coffee
Income Fund*

Management's Discussion and Analysis

This Management's Discussion & Analysis ("MD&A") of the Swiss Water Decaffeinated Coffee Income Fund (the "Fund" or "Company") is dated as of March 14, 2006, which is the date of filing this document. This MD&A relates to the fourth quarter of 2005, and the year ended December 31, 2005.

All financial information is presented in Canadian dollars, unless otherwise specified.

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors outside management's control that could cause actual results to differ materially from those expressed in the forward-looking statements. The Fund does not assume responsibility for the accuracy and completeness of the forward-looking statements and does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

STRUCTURE OF THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of British Columbia by a Declaration of Trust. Each unitholder participates pro rata in distributions of net earnings and, in the event of termination of the Fund, participates pro rata in the net assets remaining after satisfaction of all liabilities. Income tax obligations related to the distribution of net earnings by the Fund are the obligations of the unitholders.

The Fund was launched on July 24, 2002, when we completed an initial public offering (IPO) of 5,455,200 trust units at a price of \$10.00 per unit for gross proceeds of approximately \$54.6 million. The net proceeds, after deducting certain expenses of the offering and underwriting fees, were used to acquire 100% of the common shares and \$45 million of 13.75% unsecured subordinated notes of Swiss Water Decaffeinated Coffee Company, Inc. ("SWDCC"). Prior to July 24, 2002, SWDCC operated independently as a privately held entity.

On March 23, 2004, the Fund completed a private placement of 1,220,000 trust units at a price of \$14.80 per unit, raising gross proceeds of approximately \$18.056 million. As a result of this private placement, the total trust units issued and outstanding increased to 6,675,200. The net proceeds, after deducting certain costs of the private placement, were used to acquire \$1.725 million in additional common shares in SWDCC and \$15.7 million of 13.5% unsecured subordinated notes of SWDCC. As discussed later in this MD&A, we have used these net proceeds to expand our production capacity.

The consolidated financial statements of the Fund include the accounts of the Fund; our wholly owned subsidiary, SWDCC; and Swiss Water Decaffeinated Coffee Company USA, Inc., a wholly owned subsidiary of SWDCC. Intercompany accounts and transactions have been eliminated on consolidation.

The Fund's units trade on the Toronto Stock Exchange under the symbol SWS.UN and, as at the date of this report, 6,675,200 units were issued and outstanding.

BUSINESS OVERVIEW

Headquartered in Burnaby, BC, SWDCC is the world's leading branded chemical free coffee decaffeinator. Operations are carried out in a leased facility, which comprises approximately 38,000 square feet of space and houses the SWISS WATER® Process facilities. The majority of our product volume, approximately 67% in 2005 and 72% in 2004, is processed under arrangements whereby we charge a fee for the decaffeination of green coffee beans belonging to our customers. We do not take title to these green coffee beans. This volume is categorized as "toll" business and is comprised entirely of processing revenue.

The remainder of our product volume is comprised of premium-grade arabica green coffee beans that we purchase from the specialty green coffee trade, decaffeinate and then sell to our customers. This volume is categorized as "non-toll" business and includes both processing revenue and green coffee cost recovery revenue.

Our cost of goods sold is primarily the cost of green coffee purchased for non-toll business, and the plant labour and other processing costs directly associated with the production facility.

We source premium-grade green coffee beans through coffee brokers from coffee-producing countries located mainly in Central and South America, Africa and Asia. The price is based on the New York 'C' (NYC) coffee commodity price, plus a quality differential. Historically, the NYC component makes up more than 80% of the total cost of green coffee, while the quality differential typically accounts for less than 20%. Both the NYC price and the quality differential fluctuate in response to fundamental commodity factors that affect supply and demand. We have hedging strategies in place to help minimize the impact of movement in the NYC component of coffee pricing between the time we purchase the green coffee beans and the time we sell the decaffeinated green coffee beans to our customers – approximately four months. There is no open market to hedge the quality differential component of our green coffee cost. Therefore, in periods of rising differential markets we experience a differential cost recovery gain, and in periods of falling differential markets we experience a loss on differential cost recoveries. Historically, differential cost recovery gains and losses have generally balanced each other out.

In periods of significant NYC coffee commodity price volatility, increases or decreases in total sales and total cost of goods sold may have a considerable impact on our gross profit as a percentage of revenue. However, such increases or decreases in coffee market prices will generate corresponding increases or decreases in non-toll revenue and non-toll cost of goods sold, and therefore absolute gross profit dollars are generally unaffected. For this reason, when reviewing gross profit performance in any given reporting period, we focus primarily on the absolute dollar amount of gross profit generated and not on gross profit as a percentage of sales. Our hedging strategies help mitigate the effects of changes in coffee market pricing by minimizing the impact of market volatility on gross profit dollars.

SWDCC holds net US dollar assets in our balance sheet in the form of cash and accounts receivable. As these are monetary items, they are translated into Canadian dollars at the spot rate at the period end. Any resulting foreign exchange gains or losses are recognized and included in cost of goods sold.

We promote the SWISS WATER® branded decaffeination process through consumer and industry marketing and advertising. This includes conducting market research regarding the behaviour of decaffeinated coffee consumers, and developing and executing media, print and in-store merchandising programs.

PLANT EXPANSION

In late 2003, we commenced a significant project to expand the throughput capacity of our facility. This project involved the installation of a second SWISS WATER® Process production line, at a total budgeted cost of \$18 million. As of the end of 2005, approximately \$16.3 million had been spent on the project, with a further \$1.3 million to be spent early in 2006, for a total estimated cost of \$17.6 million, or \$400 thousand less than the budgeted amount. Commissioning on the new line commenced in December of 2005, which is now producing product for sale. At full design levels of production, which we anticipate reaching in the second quarter of 2006, the new line will increase our production capacity by 65%. With an additional \$2 million of investment, this line has the potential capability of doubling our present production capacity. In order to finance this expansion, in March, 2004, we issued 1.220 million units by way of a private placement for net proceeds of \$17.425 million. The additional funds required to complete the project will be provided from cash generated by operations.

OPERATING RESULTS

Sales

Our sales and cost of goods sold are both impacted by the proportionate contribution of our toll and non-toll businesses and the NYC coffee commodity price. This is because sales from our non-toll business include the recovery of green coffee costs, which are also included in our cost of goods sold. Fluctuations in our business mix and the NYC commodity have a significant effect on our dollar sales and cost of goods sold, but not on our total dollar gross profit. For this reason, as earlier noted, we focus primarily on the total gross profit dollars generated, while gross profit as a percent of sales will fluctuate and is therefore less relevant.

In 2005, we recorded sales of \$25.820 million, an increase of \$1.003 million, or 4%, over 2004 when sales of \$24.817 million were recorded. The increase in sales was entirely a result of a higher non-toll proportion of business (from 28% in 2004 to 33% in 2005) and higher NYC commodity coffee prices. There is a corresponding increase in cost of goods sold that generally offsets these factors in determining gross profit. Gross profit is mostly driven by our processing volumes and rates.

Absolute dollar sales revenues generated in US dollars, which were somewhat higher year over year for the reasons described above, are approximately 76% of total revenues. With the stronger Canadian dollar in 2005, reported Canadian dollar sales were negatively impacted in a significant way. We do have a currency hedging program in place to manage our estimated net exposure to currency fluctuations on a 12 month rolling basis. However, such a program can only mitigate, not eliminate, the impact of a continually strengthening Canadian dollar on our revenues.

During the three months ended December 31, 2005, we recorded sales revenue of \$7.531 million. This represents an increase of \$846 thousand, or 13%, over the \$6.685 million we recorded in the same period last year. The sales increase in the quarter was driven primarily by a greater proportion of non-toll business and higher NYC commodity pricing. In the three-month period, our non-toll business accounted for 30% of our product volume, up from 26% in the same period of last year.

Processing Volumes

Processing volumes in 2005, measured in pounds of coffee, decreased by 7.5% from 2004 levels.

The following impacted our processing volumes through the first three quarters of 2005:

- **Quarter 1, 2005** – Between November 1, 2004 and March 31, 2005 the NYC coffee commodity index increased by approximately 70%. Faced with increasing coffee prices, many of our customers decided to reduce or defer their coffee purchase commitments. As a result, our processing volumes in the first three months of 2005 were 18% lower than the same period in 2004.
- **Quarter 2, 2005** – As the NYC index began its gradual decline and subsequent stabilization in the second quarter of 2005, we experienced growth in our volumes versus the first quarter, but still a 4% decline compared to the second quarter of 2004. Customers had generally depleted their inventory levels in the first quarter but in the second quarter slowly began to order to meet demand requirements. However they were still not making significant coffee commitments to rebuild their inventory levels.
- **Quarter 3, 2005** – During the third quarter, there were some further declines in the NYC index and our order book started growing. Our production capacity, however, was limited by two issues. Firstly, in July 2005 a truckers' strike at the Port of Vancouver delayed delivery of in-coming green coffee to our plant, causing a significant slowdown in our production. Secondly, in August 2005 we experienced an unanticipated malfunction of the furnace in our plant which caused a 13 day production shutdown. As a result of these issues customer orders were delayed into the fourth quarter and third quarter volumes ended 14% lower than in the same period of 2004.

In the fourth quarter of 2005 there was some volatility in the NYC but our order book was very strong. This was due to several factors, including general seasonality in the business, some customers rebuilding their inventory levels and a hold over of third quarter unprocessed orders. As a result the Company achieved a record quarter for production volumes and an increase of 4% over the same period in 2004.

Our view is that the reduction in processing volume in 2005 was an anomaly due to the factors discussed above. We believe the demand for SWISS WATER® decaffeinated coffee is continuing to grow due to:

- The continued expansion of the specialty coffee market, combined with an aging population base, is fueling an increase in consumption of decaffeinated coffee.
- The growing demand for healthier food choices is driving demand for chemical free and organic decaffeinated coffees.

As discussed in the Outlook section below, we expect strong growth in our production volumes in 2006 as customers continue to rebuild their inventory levels, continued year to date stability in the NYC and as SWISS WATER® Brand market share grows.

Process Revenue Rates

Processing rates expressed in Canadian dollars declined in 2005 from 2004. In addition to the strengthening of the Canadian dollar relative to the US dollar, this decline was impacted by other factors as described below.

As the Canadian dollar strengthened in 2003 and 2004 we increased our processing fees to US dollar denominated customers in order to maintain our margins. Over time these price increases have negatively impacted our ability to compete against lower-priced substitutes. Therefore, in late 2004 we made the decision to no longer pass currency related price increases on to our customers. Throughout 2005 we took further steps to tactically manage pricing in order to maintain and enhance our competitive position. As a result, we have trended to lower average processing rates throughout 2005. As discussed in the Outlook section, we are expecting this trend to continue in 2006. Any impact on profitability will be mitigated by increased volume throughput from our new production capacity, and by continuing to improve the positioning of our brand through additional targeted spending.

Cost of Goods Sold

In 2005, cost of goods sold totaled \$14.570 million, an increase of \$3.107 million, or 27%, from the \$11.463 million we recorded in 2004. As explained above, the difference is primarily attributable to higher green coffee costs as a result of both our proportionate increase in non-toll business and significantly higher NYC coffee commodity pricing. Our non-coffee processing costs declined slightly on an absolute dollar basis due to the 7.5% decline in processed volumes but were very similar to a year ago on a per pound basis.

Production labour represents our highest non-coffee production cost and our production staff has been a key to our successful growth over the past few years. We were pleased to announce in the third quarter of 2005 that we successfully concluded contract negotiations with the United Food and Commercial Workers Union, which represents our production staff. The previous collective agreement expired on May 31, 2005. The new agreement is for a four-year term, through to May 31, 2009. We are very pleased that our positive labour relations climate has been maintained and we look forward to continuing to strengthen relations with our production staff over the next four years.

During the three months ended December 31, 2005, cost of goods sold was \$3.949 million, an increase of \$725 thousand, or 22%, from the \$3.224 million we recorded in the same period last year. As explained above, the difference is primarily attributable to higher green coffee costs as a result of both our proportionate increase in non-toll business and significantly higher NYC coffee commodity pricing.

Even though processing volumes increased by 4% over the fourth quarter of 2004, processing costs declined slightly. This is primarily because in the fourth quarter of 2004 there was a charge for inventory obsolescence that did not occur in 2005. Actual cash processing costs were relatively constant year over year.

Gross Profit

In 2005, gross profit totaled \$11.250 million, a decrease of \$2.104 million, or 16%, from the \$13.354 million recorded in 2004. As discussed in the sales and cost of goods sold sections above, we focus on total gross profit dollars generated because it is not as impacted by green coffee sales and cost recovery the way sales and cost of goods sold are.

As detailed in the "Sales" section, the primary reasons for the 16% decline in gross profit are:

- Our processing volumes decreased by 7.5% compared to 2004.
- Our average processing rates declined compared to 2004 driven by foreign exchange and tactical pricing initiatives.

During the three months ended December 31, 2005, gross profit totaled \$3.582 million, an increase of \$121 thousand, or 3%, from the \$3.461 million recorded in the same period last year. The primary reason for the increase was a 4% increase in processing volumes in the quarter, which was partially offset by lower average processing rates.

Selling and administration expenses

Our selling and administration expenses are comprised of consumer promotion and advertising, salaries, and other general and administration costs.

In 2005, consumer promotion and advertising expenditures totaled \$350 thousand, a decrease of \$697 thousand from the \$1.047 million we spent in 2004. This reduction was implemented in order to help offset the challenges we faced in 2005 with respect to the decline in gross profit dollars. In addition, several 2004 initiatives, including the development of a television advertisement, production of an educational DVD for customer use and the revamping of our website were not repeated in 2005. In 2006 we plan to increase our consumer promotion and advertising expenditures in support of our customers as we continue to enhance and strengthen the position of our brand with consumers.

During the three months ended December 31, 2005, consumer promotion and advertising expenditures totaled \$89 thousand, a decrease of \$138 thousand from the \$227 thousand we spent in the same period of last year. As discussed above, this reduction was made to help offset the decline in gross profit dollars we experienced in 2005.

Salaries and benefits expense includes all compensation costs associated with salaried personnel and other personnel-related costs, such as compensation for part-time consultants and temporary staff.

In 2005, salaries and benefits expense was \$1.931 million, lower by \$328 thousand from \$2.259 million recorded in 2004. Most of the reduction was due to lower performance bonuses resulting from the decline in operating results in 2005. In addition, we have operated with two less staff since mid-2004. Slightly offsetting these decreases was a modest increase in base salaries and benefit costs.

During the three months ended December 31, 2005, salaries and benefits expense was \$461 thousand, down by \$211 thousand from the \$672 thousand we recorded in the same period last year. The reduction was directly as a result of an additional year end performance bonus accrual that was recorded in 2004. Due to lower operating results in 2005, no such accrual was made. The staffing complement was unchanged in the fourth quarter of 2005 compared with the same period in 2004. Base salary and benefit costs increased only slightly in 2005.

Other general and administration costs include occupancy costs, professional fees, insurance, travel, research and development and miscellaneous overhead charges.

In 2005, other general and administration costs totaled \$1.051 million, lower by \$122 thousand from the \$1.173 million recorded in 2004. This reduction resulted from decisions to curtail and defer spending in certain areas in consideration of the challenging year we faced in 2005.

During the three months ended December 31, 2005, other general and administration costs totaled \$313 thousand, compared to \$353 thousand in the same period last year, a decrease of \$40 thousand. As discussed above for the year, certain costs were reduced in 2005.

Income before interest, depreciation and amortization, fund administration and trustee fees, and provision for income taxes

In 2005, income before interest, depreciation and amortization, fund administration and trustee fees, and provision for income taxes (or EBITDA, as discussed in the Non-GAAP Financial Measures section below) was \$7.918 million. This is a decrease of \$957 thousand, or 11%, from the \$8.875 million in EBITDA recorded in 2004. The EBITDA reduction was due to \$2.104 million in lower gross profit, partially offset by \$1.147 million in lower selling and administration expenses. The reasons for these changes are discussed in the relevant sections above.

During the three months ended December 31, 2005, our EBITDA was \$2.720 million, an increase of \$515 thousand, or 23%, from the \$2.205 million recorded in the same period last year. The increase resulted from a \$121 thousand increase in gross profit combined with a \$390 thousand reduction in selling and administrative expenses. The reasons for these changes are discussed in the relevant sections above.

Interest Income

In 2005, net interest income of \$161 thousand was earned, compared to \$160 thousand in 2004. Interest income was generated by investments in interest-bearing securities that were made following the completion of our March 2004 private placement. The proceeds of this placement were used to fund our plant expansion, which was substantially complete at the end of 2005. In 2004 we started generating interest income from these investments after March 2004 when the private placement closed. Throughout 2005, the amount invested in securities decreased as construction progressed. Coincidentally the amount of interest income generated in 2005 was comparable to 2004.

During the three months ended December 31, 2005, net interest income of \$24 thousand was earned, compared to \$60 thousand in the same period last year. The reduction was due to lower investment in interest bearing securities than the fourth quarter of 2004, as most of the funds raised through the 2004 private placement had been expended on construction by the fourth quarter of 2005.

Depreciation and amortization

In 2005, depreciation and amortization was \$1.531 million, comparable to the \$1.519 million recorded in 2004. No depreciation was taken on the new plant expansion in 2005. Depreciation on the expansion will commence when the line is operating at a level considered to be commercial production.

During the three months ended December 31, 2005, depreciation and amortization was \$379 thousand, comparable to the \$383 thousand recorded in the same period last year.

Fund administration and trustee fees

Our administration costs are comprised of trustee fees and other expenses required to administer the Fund, including professional fees, transfer agent costs, investor relations costs and other related overhead.

In 2005, fund administration and trustee fees were \$241 thousand, which was \$108 thousand less than the \$349 thousand we recorded in the same period of last year. There were several areas where costs were reduced, including expenses associated with the Annual General Meeting, newswire services and legal fees.

During the three months ended December 31, 2005, fund administration and trustee fees were \$nil, a decrease from the \$78 thousand we recorded in the same period last year. In the fourth quarter of 2005 several accruals made earlier in the year were reversed and offset other expenses incurred in the period.

Income before provision for income taxes and net income

In 2005, income before provision for income taxes was \$6.307 million, which was down by \$860 thousand from the \$7.167 million recorded in 2004, resulting from the \$2.104 million reduction in gross profit less offsetting savings in selling and administration expenses (\$1.147 million) and other items (\$97 thousand).

This year, we recorded a \$609 thousand recovery of income taxes, compared to an expense of \$155 thousand in 2004. Of the 2005 recovery, \$512 thousand relates to future income taxes which do not impact distributable cash. There are two main components to the future income tax recovery. The first is a recovery of approximately \$300 thousand due to timing differences on depreciation of SWDCC's assets for accounting purposes compared to income tax purposes. Capital cost allowance is not currently being taken for tax purposes as the Company is in a tax-loss position, whereas full depreciation has been recorded for accounting purposes. The second component is a recovery of approximately \$200 thousand relating to a reduction in statutory tax rates applied to the future income tax liability. The remaining recovery of taxes is comprised of a recovery of \$48 thousand in large corporation tax due to a prior year over accrual and \$49 thousand for income tax loss carrybacks.

During the three months ended December 31, 2005, income before provision for income taxes was \$2.365 million, which was ahead by \$558 thousand, or 31%, from \$1.807 million in the fourth quarter last year. This increase was driven by greater fourth quarter volumes, improved mix and lower selling and administrative expenses versus fourth quarter 2004.

In the fourth quarter of 2005, we recorded a \$133 thousand recovery of income taxes, compared to a provision of \$14 thousand in 2004.

Net income for 2005 was \$6.916 million, a decrease of \$96 thousand, or 1%, from \$7.012 million in 2004.

Net income for the Fourth Quarter 2005 was \$2.497 million, an increase of \$705 thousand, or 39%, over the \$1.792 million recorded during the same period last year.

NON-GAAP FINANCIAL MEASURES

Distributable Cash and EBITDA are non-GAAP financial measures. As non-GAAP financial measures do not have a standardized meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other entities.

The Fund defines Distributable Cash as cash flow from operating activities before changes in non-cash operating assets and liabilities (as per the Consolidated Statement of Cash Flows), less maintenance capital expenditures. Maintenance capital expenditures are defined as cash outlays, capital in nature, required to maintain the business at our current operating capacity and efficiency level. Non-maintenance capital expenditures are those that are judged to be for the purpose of increasing capacity or improving efficiency levels and are not recorded as a reduction from distributable cash flow.

The Fund defines EBITDA as net income before interest, depreciation and amortization, fund administration and trustee fees, and provision for income taxes. EBITDA is reconciled to net income on the consolidated statement of operations. The reporting of EBITDA is intended to assist users in the performance of their own financial analysis.

CASH DISTRIBUTIONS

Historically, the Fund's policy has been to make monthly distributions to unitholders based on 90% of the annual Distributable Cash generated by SWDCC. This resulted in monthly distributions at a rate of \$0.1085 per unit during 2003 and the first three months of 2004. In March 2004, the Fund issued 1,220,000 additional units by way of a private placement in order to raise capital for our plant expansion. In conjunction with the private placement, we amended our distribution policy to set the monthly distribution target at the historical \$0.1085 per unit, without reference to a percentage of Distributable Cash. Distributions are declared monthly by the trustees and are not guaranteed. Distributions are dependent upon the amount of cash available for distribution, which is ultimately determined by the results of SWDCC's operations. Monthly distributions are paid on a level basis in order to smooth out normal seasonal fluctuations that occur over the course of a year.

In December of 2005 the Fund announced a reduction in monthly distributions to \$0.0708 monthly or \$0.85 annually, effective with the January, 2006 payment. In addition to the impact on per unit cash flows as a result of the new line not yet being operational, this new level reflects a changing competitive environment in terms of margin maintenance and a changed U.S. dollar exchange rate.

In 2005, the Fund generated Distributable Cash of \$7.962 million, compared to \$8.590 million in the same period of last year, and paid a total of \$8.691 million in distributions to unitholders.

During the three months ended December 31, 2005, the Fund generated Distributable Cash of \$2.804 million, compared to \$2.176 million last year. The \$628 thousand increase is due to fourth quarter volume increases and mix strength as processing caught up with the order book expansion from the third quarter. Distributions paid to unitholders in the fourth quarter of 2005 totaled \$2.173 million, comparable to the prior year.

Distributable Cash calculations are as follows:

(Unaudited)

	Three months ended Dec. 31 2005	Three months ended Dec. 31 2004	Year ended Dec. 31 2005	Year ended Dec. 31 2004
Cash flow from operating activities before changes in non-cash operating assets and liabilities	\$ 2,752	\$ 2,237	\$ 7,934	\$ 8,797
Less:				
Maintenance Capital Expenditures ⁽²⁾	52	(61)	28	(207)
Distributable cash generated	2,804	2,176	7,962	8,590
Distributions paid	2,173	2,172	8,691	8,294
Per Trust Unit calculations ⁽¹⁾ :				
Distributable Cash	\$ 0.4201	\$ 0.3260	\$ 1.1928	\$ 1.3425
Distributions paid	\$ 0.3255	\$ 0.3254	\$ 1.3020	\$ 1.2962

(1) Per trust unit calculations are on a weighted average basis of units outstanding in the period, basic and diluted, and taking into account the private placement of 1,220,000 additional units on March 23, 2004.

(2) In the quarter ended December 31, 2005, from a Notice of Appeal on our status, we received a refund of Social Service Taxes on production machinery and equipment. The refund relating to prior periods Capital Expenditures was approximately \$73 thousand and was netted with expenditures for the reported period.

CASH FLOW AND LIQUIDITY

Cash flow from operations

In 2005, the Fund generated \$7.934 million in cash flow from operations, before changes in non-cash operating assets and liabilities. This is down by \$863 thousand, or 10%, from the \$8.797 million generated in the same period of last year.

In 2005, net cash of \$29 thousand was consumed from changes in non-cash operating assets and liabilities. These included a \$1.073 million increase in accounts receivables resulting from strong fourth quarter sales, partially offset by a \$705 thousand decrease in inventory, again from strong sales volumes in the fourth quarter, and a \$269 thousand increase in accounts payable.

In 2005, we expended a total of \$12.649 million on our plant expansion and other capital projects. \$16.483 million has been spent on the plant expansion from commencement of the project late 2003 to the end of 2005. Progress to December 31, 2005 included installation of all electrical and mechanical equipment, with commissioning on the line beginning in mid-December. Additional expenditures through commissioning and to final production of product for sale are anticipated to be \$1.3 million, of which \$899 thousand has been committed.

Total distributions paid to unit holders in 2005 were \$8.691 million, up from \$8.294 million in 2004. This increase was a result of paying unit distributions on 1.22 million more units for all of 2005 versus eight months in 2004.

In the fourth quarter of 2005, the Fund paid distributions to unitholders totaling \$2.173 million, equal to the same period last year.

The net of the above-described cash flows resulted in a \$13.434 million decrease in cash during 2005. At December 31, 2005, the Fund was in a net borrowing position of \$538 thousand, compared with having a cash balance of \$12.895 million at the beginning of the year.

During the fourth quarter 2005, the Fund generated \$2.753 million in cash flow from operations, before changes in non-cash operating assets and liabilities. This is an increase of \$519 thousand from the \$2.234 million generated in the same period of last year.

In the quarter, \$1.466 million net cash was reduced by changes in non-cash operating assets and liabilities. These included a \$1.221 million increase in accounts receivable and a \$438 thousand increase in inventory.

\$3.179 million was invested in the plant expansion in the quarter.

Three month distributions to unitholders totaled \$2.173 million, equivalent to the same period of last year. We lowered our per unit distribution rate in the month of December but this was not effective until January 2006.

The net of the above-described cash flows resulted in a \$4.064 million decrease in cash during the quarter.

Credit facilities and liquidity

SWDCC has a \$5.0 million 364 day revolving operating facility, a \$3.0 million 364 day capital expenditure facility, and a \$1.0 million foreign exchange contract facility. The facilities bear interest at the bank prime lending rate plus 0.50%.

At December 31, 2005, the Company had net borrowings of \$538 thousand.

We expect cash flow from operations, together with cash on hand and unutilized credit facilities, to be sufficient to fund our operating requirements, capital expenditures and Fund distributions as we go forward. We anticipate that the Company's credit facilities will be utilized for a portion of 2006 in order to fund the completion of the expansion project.

OUTLOOK

The outlook for SWDCC is positive. Consumption of decaffeinated coffee continues to increase driven by demographics, while demand for chemical free decaffeinated coffee grows fueled largely by growing awareness among health-conscious consumers of the benefits of chemical free and organic decaffeination methods. The launch of our new production line has generated significant interest from major new customers as well as existing customers, many of whom have expressed their confidence in SWDCC's ability to grow with them by expanding their business coverage with us.

We commenced shipment of coffee from the new line in mid-February. As at the date of this report, our first quarter sales orders are well above year ago levels. We expect very solid demand through the remainder of the year and expect to record 15% growth in volumes in 2006 driven by new customers, growth in existing customer business, and a normalization of roaster inventories through the year.

We believe the current distribution level set in December 2005 is sustainable for 2006 given the present competitive environment and the level of capacity utilization that we can confidently expect. Based on a payout ratio of approximately 90%, this level of distribution will enable us to maintain a conservative capital structure and ensure financial flexibility. We continue to expect increased competitive activity including possible new "water" based decaffeimators.

Going into 2006, our priorities are to drive cash flow growth by aggressively pursuing additional volumes for our new production line, re-invest in consumer brand awareness activities, and to effectively manage our margins so we can continue to meet our commitments to unitholders. We are confident of our ability to deliver on these priorities.

RISKS AND UNCERTAINTIES

The Fund is an unincorporated, limited purpose trust. Distributions to unitholders are declared monthly by the trustees and are not guaranteed. The Fund's ability to pay cash distributions is entirely dependent upon the earnings and cash flow generated from SWDCC's operations. This may fluctuate with the performance of the business, which can be susceptible to a number of risks. These risks may include, but are not limited to, renewal of services agreements with key customers, competition from existing chemical and other natural or chemical free coffee decaffeimators, competition from new entrants with alternate processing methods or agricultural technologies, environmental and regulatory risks, foreign exchange fluctuations, labour relations, intellectual property infringement, ability to maintain organic certification, coffee prices (notwithstanding hedging programs, as exact hedging correlation is not attainable), the availability of coffee, adequacy of insurance, dependence on key personnel, product

liability, and terms of credit agreements. In addition, there are certain risks associated with a trust, including the nature of trust units, dependence on SWDCC, restrictions on potential growth, capital investment, unitholder limited liability, income tax matters and government regulations. The future impact of these risks and uncertainties cannot be quantified or predicted. However, we do not foresee unmanageable adverse effects on our business operations from such matters as they may arise.

SELECTED FINANCIAL INFORMATION

Annual Financial Statement Analysis

The following is a summary of financial information for the Fund's last four completed fiscal periods.

(Selected Financial Information in \$000's except per unit amounts)

For the period from	Fiscal Year Ended Dec. 31 2005	Fiscal Year Ended Dec. 31 2004	Fiscal Year Ended Dec. 31 2003	Period from July 24 to Dec. 31 2002
Balance Sheet:				
Total assets	\$ 72,536	\$ 72,908	\$ 55,765	\$ 56,592
Total long term liabilities ⁽¹⁾	4,168	4,680	4,414	4,182
Income:				
Sales:	25,820	24,817	24,305	11,084
EBITDA ⁽²⁾	7,918	8,875	8,547	4,170
Net Income	6,916	7,012	6,312	3,186
Distributable cash generated ⁽³⁾	7,962	8,590	7,911	3,817
Distributions paid	8,691	8,294	7,103	3,131
Per Trust Unit Data, basic and diluted ⁽⁴⁾ :				
EBITDA	\$ 1.186	\$ 1.387	\$ 1.548	\$ 0.764
Net Income	1.036	1.096	1.157	0.584
Distributable cash generated	1.193	1.343	1.450	0.699
Distributions paid	1.302	1.296	1.302	0.574

(1) Comprised only of future income taxes.

(2) EBITDA is defined in the section Non-GAAP Financial Measures.

(3) Distributable cash is defined in the section Non-GAAP Financial Measures.

(4) Per Trust Unit Data in 2004 is calculated based on the weighted average of trust units outstanding, after reflecting the March 2004 private placement of 1,220,000 units.

2005 vs. 2004

At the end of 2005, total assets of \$72.536 million were slightly less than 2004, as cash held at the start of the year was used to fund the plant expansion. Other than the resulting changes to cash balances and property, plant and equipment, no other asset accounts changed significantly year over year.

Sales increased \$1.003 million (4%) year over year, as increases in the cost of green coffee beans were offset by lower processing volumes, which were 7.5% lower than in 2004.

EBITDA was \$957 thousand lower in 2005 as a result of higher costs for green coffee beans and lower processing volumes, partially offset by lower selling and administration costs.

Net income of \$6.916 million for the year was \$96 thousand less than 2004, as tax recoveries recorded in 2005 nearly fully offset the decline in earnings year over year.

Distributions paid in the year increased as the additional 1,220,000 units issued in March, 2004 were outstanding for the whole of 2005.

2004 vs. 2003

In 2004, total assets increased primarily as a result of the March 2004 private placement, which raised \$17.425 million, net of costs, which was used for the expansion of SWDCC's plant. At December 31, 2004, \$12.895 million of the funds raised remained in cash.

Sales increased in 2004 due to a 12% increase in production volumes. However, this increase was not fully reflected in sales, as the relative proportion of our non-toll business decreased, resulting in a corresponding decrease in our green coffee cost recovery revenue.

Net income, Distributable Cash generated and Distributions paid all increased in 2004, primarily as a result of our increased production volumes.

On a per trust unit basis, EBITDA, net income, Distributable Cash generated, and Distributions paid all decreased in 2004 due to the impact of the increased number of trust units outstanding.

Quarterly Information / Seasonality

The following table summarizes results for each of the eight most recently completed fiscal quarters:

(Unaudited)

In \$000 except per unit amounts

	Q4 2005	Q4 2004	Q3 2005	Q3 2004	Q2 2005	Q2 2004	Q1 2005	Q1 2004
Sales	7,531	6,685	5,470	6,026	6,745	6,250	6,074	5,856
Gross Profit	3,583	3,461	1,781	3,159	3,093	3,686	2,793	3,048
EBITDA ⁽¹⁾	2,720	2,205	935	2,152	2,249	2,507	2,015	2,009
Net Income	2,497	1,792	866	1,820	1,839	1,899	1,713	1,500
Distributable Cash ⁽²⁾	2,804	2,176	889	2,233	2,241	2,318	2,028	1,863
Per Unit: ⁽³⁾								
EBITDA	0.407	0.330	0.140	0.322	0.337	0.376	0.302	0.353
Net Income	0.374	0.268	0.130	0.273	0.275	0.284	0.257	0.270
Distributable Cash	0.420	0.326	0.133	0.335	0.336	0.347	0.304	0.335

(1) EBITDA is defined in the section on Non-GAAP Financial Measures.

(2) Distributable Cash is defined in the section on Non-GAAP Financial Measures.

(3) Per unit calculations are on a weighted average basis of units outstanding during the period, taking into account the private placement of 1,220,000 additional units on March 23, 2004.

There is a slight seasonality factor in the specialty coffee industry, with the third and fourth quarters typically being stronger than the first and second quarters. In addition, the timing of planned production stoppages for maintenance impacts the comparison of our quarterly results. In 2005 and 2004, planned maintenance stoppages occurred for a two-week duration in each of the first and third quarters.

As noted in the Business Overview section of this MD&A, we focus on the absolute dollar amounts of gross profit, EBITDA and net income, rather than percentages, due to the impact of fluctuations in coffee prices and the proportionate mix of toll and non-toll business.

Contractual Obligations

The following table sets forth the Fund's contractual obligations and commitments as at December 31, 2005:

(In \$000's)

	Payments Due by Period				
	Total	Less than 1 year	1-3 Years	4-5 Years	Over 5 Years
Long term debt	\$ —	\$ —	\$ —	\$ —	\$ —
Capital lease obligations	—	—	—	—	—
Operating leases ⁽¹⁾	520	161	359	—	—
Purchase obligations ⁽²⁾	5,538	5,538	—	—	—
Other long-term obligations	—	—	—	—	—
Total contractual obligations	\$ 6,058	\$ 5,699	\$ 359	\$ —	\$ —

1) Minimum obligations for operating lease of warehouse and office space.

2) Purchase obligations include the following:

- a. Various purchase commitments totaling \$899,000 relating to the current plant expansion.
- b. On-going commitments totaling \$4.639 million to purchase coffee and other raw materials.

In addition, as detailed in Note 12 of the Annual Consolidated Financial Statements contained in the Fund's 2005 Annual Report, the Fund has entered into an agreement whereby we guarantee a minimum processing volume to a customer through to 2007. The Fund is not able to make a reasonable estimate of the maximum potential amount we could be required to pay if this minimum volume is not delivered, due to the unique nature of the processing service provided. The Fund has never made any payment under such agreement and no amount has been accrued in the consolidated financial statements with respect to this obligation.

Other obligations and commitments are incurred in the normal course of business operations.

Critical Accounting Estimates

This MD&A is based on the Fund's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in Canada. The preparation of these financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The Fund believes our most critical accounting estimates are as follows:

- Goodwill is recorded at cost and is tested for impairment annually. If future operating results of the Fund are less favourable than those projected by management, a write-down of goodwill and a charge to income may be required.
- Proprietary process technology represents the estimated fair market value of SWDCC's proprietary technology used in the decaffeination of green coffee and it is not amortized but is tested for impairment annually. If future operating results of the Fund are less favourable than those projected by management, a write-down of proprietary process technology and a charge to income may be required.
- Accounts receivable is net of an allowance for doubtful accounts. This allowance is based on an estimation of the potential of recovering our accounts receivable and incorporates historical, current, and expected collection trends.
- Inventory is recorded at the lower of average cost and net realizable value. Estimations are made in the determination of net realizable value of inventory.

Financial Instruments and Other Instruments

Please refer to Note 10 in the Fund's 2005 financial statements.

The Fund has no other off-balance sheet arrangements.

Accounting Policy Developments

Commencing with the Fund's 2006 fiscal year, the amended recommendations of the CICA for measurement of non-monetary transactions (CICA Handbook Section 3830) will apply to the Fund. The amended recommendations will result in non-monetary transactions normally being measured at their fair value, unless certain criteria are met. The Fund's current operations are not materially affected by the amended recommendations.

In early 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being converged with International Financial Reporting Standards over a transitional period. During 2006, the Accounting Standards Board is expected to develop and publish a detailed implementation plan with a transition period expected to be approximately five years. As this convergence initiative is very much in its infancy as of the date of these consolidated financial statements, it would be premature to currently assess the impact of the initiative on the Fund.

Related Party Transactions

The Fund incurred no related party transactions.



SWISS WATER®

PROJECT



Swiss Water
Decaffeinated Coffee
Income Fund

Consolidated Financial
Statements

for the year ended
December 31, 2005

Management's Statement of Responsibilities

The accompanying consolidated financial statements are the responsibility of management and have been reviewed and approved by the Board of Directors of the Swiss Water Decaffeinated Coffee Company Inc. and the Trustees of the Fund. The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates and judgements. Management has also prepared financial and all other information in the annual report and has ensured that this information is consistent with the consolidated financial statements.

The Company maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded and the financial records are reliable and form a proper basis for preparation of financial statements.

The Board of Directors and the Trustees ensure that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Trustees. The auditors have full and direct access to the Audit Committee.

The consolidated financial statements have been independently audited by Deloitte & Touche LLP, in accordance with Canadian generally accepted auditing standards. Their report below expresses their opinion on the consolidated financial statements of the Fund.



FRANK A. DENNIS
Trustee

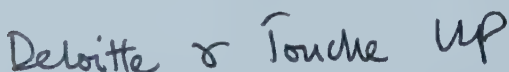
Auditors' Report

To the Unitholders of Swiss Water Decaffeinated Coffee Income Fund

We have audited the consolidated balance sheets of Swiss Water Decaffeinated Coffee Income Fund as at December 31, 2005 and 2004 and the consolidated statements of operations, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Swiss Water Decaffeinated Coffee Income Fund as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS

Vancouver, British Columbia
March 8, 2006

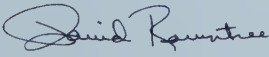
Consolidated Balance Sheets

(in thousands of dollars)

	Year Ended December 31 2005	Year Ended December 31 2004
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,107	\$ 12,895
Accounts receivable	4,315	3,243
Income taxes receivable	115	255
Inventory (note 4)	2,278	2,983
Prepaid Expenses	263	193
	<u>8,078</u>	<u>19,569</u>
PROPERTY, PLANT AND EQUIPMENT (note 5)	25,960	14,741
OTHER ASSETS		
Goodwill	28,842	28,842
Proprietary process technology	9,000	9,000
Brand, net of amortization (\$344 - December 31, 2005, \$244 - December 31, 2004)	656	756
	<u>\$ 72,536</u>	<u>\$ 72,908</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank Indebtedness (note 3)	\$ 1,645	\$ —
Accounts payable and accrued liabilities	2,779	2,510
Distributions payable to Unitholders	473	724
	<u>4,897</u>	<u>3,234</u>
FUTURE INCOME TAXES (note 6)	4,168	4,680
	<u>9,065</u>	<u>7,914</u>
UNITHOLDERS' EQUITY		
UNITHOLDERS' EQUITY	63,471	64,994
	<u>\$ 72,536</u>	<u>\$ 72,908</u>

See accompanying notes to these Consolidated Financial Statements

Approved on behalf of the Swiss Water Decaffeinated Coffee Income Fund


David Rowntree
Trustee


Frank A. Dennis
Trustee

Consolidated Statements of Unitholders' Equity*(in thousands of dollars)*

	Unitholders' Capital	Accumulated Earnings	Distributions	Total
Balance as at July 24, 2002	\$ 49,719	\$ —	\$ —	\$ 49,719
Activity for the period	—	3,186	(3,131)	55
Balance as at December 31, 2002	\$ 49,719	\$ 3,186	\$ (3,131)	\$ 49,774
Activity for the year	—	6,312	(7,103)	(791)
Balance as at December 31, 2003	\$ 49,719	\$ 9,498	\$ (10,234)	\$ 48,983
Issue of Fund Units, Net	17,425	—	—	17,425
Activity for the year	—	7,012	(8,426)	(1,414)
Balance as at December 31, 2004	\$ 67,144	\$ 16,510	\$ (18,660)	\$ 64,994
Activity for the year	—	6,916	(8,439)	(1,523)
Balance as at December 31, 2005	\$ 67,144	\$ 23,426	\$ (27,099)	\$ 63,471

See accompanying notes to these Consolidated Financial Statements

Consolidated Statements of Operations

(in thousands of dollars, except unit and per unit amounts)

	Year Ended December 31 2005	Year Ended December 31 2004
SALES	\$ 25,820	\$ 24,817
COST OF GOODS SOLD	14,570	11,463
GROSS PROFIT	11,250	13,354
SELLING AND ADMINISTRATION EXPENSES		
Consumer promotion and advertising	350	1,047
Salaries	1,931	2,259
Other general and administration	1,051	1,173
	3,332	4,479
INCOME BEFORE INTEREST, DEPRECIATION AND AMORTIZATION, FUND ADMINISTRATION AND TRUSTEE FEES AND PROVISION FOR INCOME TAXES	7,918	8,875
OTHER EXPENSES		
Interest (income) expense	(161)	(160)
Depreciation and amortization	1,531	1,519
Fund administration and trustee fees	241	34
	1,611	1,708
INCOME BEFORE PROVISION FOR INCOME TAXES	6,307	7,167
(Recovery of) provision for income taxes <i>(note 6)</i>	(609)	155
NET INCOME FOR THE YEAR	\$ 6,916	\$ 7,012
BASIC AND DILUTED NET INCOME PER TRUST UNIT	\$ 1.036	\$ 1.096
Weighted average number of trust units outstanding	6,675,200	6,398,533

See accompanying notes to these Consolidated Financial Statements

Consolidated Statements of Cash Flows

(in thousands of dollars)

	Year Ended December 31 2005	Year Ended December 31 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 6,916	\$ 7,012
Items not involving cash		
Depreciation and amortization	1,531	1,519
Future income taxes	(512)	266
Cash flow from operating activities before changes in non-cash operating assets and liabilities	7,935	8,797
Change in non-cash operating assets and liabilities		
Accounts receivable	(1,072)	(601)
Income taxes receivable	140	(244)
Inventory	705	(1,305)
Prepaid expenses	(70)	(20)
Accounts payable and accrued liabilities	269	734
	7,907	7,361
CASH FLOWS USED IN INVESTING ACTIVITY		
Purchase of Property, Plant and Equipment	(12,649)	(3,836)
	(12,649)	(3,836)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		
Distributions paid to Unitholders	(8,691)	(8,294)
Issue of trust units, net	—	17,425
	(8,691)	9,131
(DECREASE) INCREASE IN CASH AND BANK INDEBTEDNESS	(13,433)	12,656
Cash, beginning of year	\$ 12,895	\$ 239
Cash and Bank Indebtedness, end of of year	\$ (538)	\$ 12,895
Cash and Bank Indebtedness is comprised of:		
Cash	\$ 1,107	\$ 12,895
Bank Indebtedness	(1,645)	—
	\$ (538)	\$ 12,895
CASH FLOWS FROM THE FOLLOWING ELEMENTS		
Income and Capital taxes paid	\$ 50	\$ 239
Interest (received)	\$ (161)	\$ (160)

See accompanying notes to these Consolidated Financial Statements

Notes to the Consolidated Financial Statements

December 31, 2005

(tabular amounts in thousands)

1. FORMATION OF THE FUND

Swiss Water Decaffeinated Coffee Income Fund (the Fund) is an unincorporated open-ended, limited purpose trust established under the laws of the Province of British Columbia by a Declaration of Trust made as at April 3, 2002. The Fund was formed to acquire 100 percent of the common shares of Swiss Water Decaffeinated Coffee Company Inc. (the "Company") on July 24, 2002.

Each unitholder participates pro rata in distributions of net income and, in the event of termination of the Fund, participates pro rata in the net assets remaining after satisfaction of all liabilities. Income tax obligations related to the distribution of net income by the Fund are the obligations of the unitholders.

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The accompanying consolidated financial statements include the accounts of the Fund, the Company, and a wholly owned subsidiary. Intercompany accounts and transactions have been eliminated on consolidation.

Revenue recognition

Revenues are recognized when goods are shipped, title has passed to the customer, price is fixed, and collection is reasonably assured.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Costs for construction in progress are recorded separately, and capitalized to the corresponding categories for property, plant, and equipment when placed into commercial production. Depreciation is provided on a straight-line basis over the following periods:

Machinery and equipment	10 years
Leasehold improvements	15 years
Computer software	5 years
Computer hardware	5 years
Furniture and fixtures	5 years

No depreciation is charged on construction in progress.

Inventory

Inventory is recorded at the lower of average cost and net realizable value. Finished goods and work in progress include amounts for labour and manufacturing overheads.

Foreign currency translation

Transactions undertaken in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into Canadian dollars at the exchange rate prevailing at the balance sheet date. Currency gains and losses are included in the results of operations in the year in which they occur.

The operations of the Company's integrated foreign subsidiary are translated using the Canadian dollar as the basis of measurement. Monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at their historical rate and revenue and expense items are translated at the average rate for the period. Translation gains and losses are included in the results of operations for the year.

(2. SIGNIFICANT ACCOUNTING POLICIES – continued)

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Fund's subsidiary computes income taxes using the asset and liability method, under which future income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Future tax assets and liabilities are measured using currently enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Goodwill

Purchased goodwill and goodwill acquired through business combinations are not amortized and are tested for impairment annually.

Intangible assets

Proprietary process technology is not amortized but is tested for impairment annually with any excess of the carrying value amount over the fair value of the proprietary process technology charged to income. Brand is amortized over 10 years on a straight-line basis.

Financial instruments

Commodity forward contracts are used by the Company to manage the economic exposure to fluctuations in the price of green coffee beans. Gains and losses on commodity forward contracts may be deferred as a component of inventory if the related raw materials are on hand, and hedge accounting is applicable.

The Company manages a portion of its foreign exchange exposure through the use of forward exchange contracts. Gains and losses on these contracts are recognized in the same period as the income or expense arising from the corresponding hedged position, if hedge accounting is applicable.

Asset retirement obligations

The Fund prospectively adopted the recommendations of CICA Handbook Section 3110 "Asset Retirement Obligations" as of January 1, 2005. These recommendations focus on the recognition and measurement of liabilities for obligations associated with the retirement of property, plant, and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets. These obligations, if material, are recorded at fair value and capitalized and depreciated as part of the cost of the related asset.

Impairment of long-lived assets

The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment-loss, if any, is determined as the excess of the carrying value of the asset over its fair value, and is charged to operations.

Net income per Trust unit

Net income per trust unit is calculated monthly based on the number of trust units outstanding on each record date. Net income per trust unit presented is the sum of the monthly earnings per trust unit for the reporting period.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

3. LINES OF CREDIT

a) The Company has a \$5,000,000 364 day revolving operating line of credit at the bank's prime lending rate plus 0.50%. As at December 31, 2005, \$1,645,166 has been drawn on this line.

b) The Company has a \$3,000,000 364 day capital expenditure facility, and a \$1,000,000 foreign exchange contract facility. These two loan facilities are held with a Canadian chartered bank, and bear interest at the bank's prime lending rate plus .50%. As at December 31, 2005, no amounts had been drawn on these facilities.

All of the credit lines are collateralized by a general security agreement over all of the assets of the Company.

4. INVENTORY

	2005	2004
Raw materials	\$ 1,984	\$ 1,509
Finished goods	245	1,268
Work in progress	49	206
	<u>\$ 2,278</u>	<u>\$ 2,983</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	2005 Net Book Value	Cost	Accumulated Depreciation	2004 Net Book Value
Machinery and equipment	\$ 12,696	\$ 4,152	\$ 8,544	\$ 12,733	\$ 2,884	\$ 9,849
Leasehold improvements	902	182	720	902	122	780
Computer software	327	217	110	318	152	166
Computer hardware	117	56	61	111	33	78
Furniture and fixtures	77	35	42	70	20	50
Construction in progress	16,483	—	16,483	3,818	—	3,818
	<u>\$ 30,602</u>	<u>\$ 4,642</u>	<u>\$ 25,960</u>	<u>\$ 17,952</u>	<u>\$ 3,211</u>	<u>\$ 14,741</u>

Construction in progress represents costs incurred for the construction of an additional production line.

6. INCOME TAXES

Income tax obligations relating to distributions from the Fund are the obligations of the unitholders and, accordingly, no provision for income taxes on the income of the Fund has been made. A provision for income taxes is recognized for the Company, as the Company is subject to tax, including large corporation taxes. The provision for the period is divided between large corporation, current and future taxes as follows:

	Year Ended December 31 2005	Year Ended December 31 2004
Large corporation taxes	\$ (48)	\$ 135
Current income taxes	(49)	(246)
Future income taxes	(512)	266
	<u>\$ (609)</u>	<u>\$ 155</u>

(6. INCOME TAXES - continued)

The provision for income taxes varies from the amount that would be expected if computed by applying the Canadian federal and provincial statutory income tax rates to the earnings before income taxes as shown in the following table:

	Year Ended December 31 2005	Year Ended December 31 2004
Net income before income taxes	\$ 6,307	\$ 7,167
Net income of the Fund subject to tax in the hands of recipient	(7,962)	(7,288)
Net (loss) income of subsidiary company before income taxes	\$ (1,655)	\$ (121)
Expected (recovery of) income taxes	(565)	(43)
Disallowed portion of brand amortization and other items	34	36
Large corporation tax	(48)	135
Tax losses not recognized	151	0
Reduction in statutory tax rates	(197)	0
Other adjustments	16	27
Income tax (recovery) expense	\$ (609)	\$ 155

The components of future income tax liabilities consist of the following at December 31:

	2005	2004
Original Goodwill and Proprietary Process Technology	\$ 1,200	\$ 1,272
Other	551	404
Capital Assets	2,417	3,004
	\$ 4,168	\$ 4,680

The Company has non-capital tax loss carry forwards of approximately \$442,662 which expire in 2012.

A full valuation allowance has been taken on these loss carry forwards.

7. EMPLOYEE BENEFITS

The Company provides pension benefits to employees through a defined contribution plan. Pension benefit expense for the year ended December 31, 2005 amounted to \$196,335 (December 31, 2004 - \$146,146).

8. UNITHOLDERS' EQUITY

An unlimited number of trust units may be issued by the Fund pursuant to the Fund's declaration of trust. Each unit is transferable and represents an equal, undivided beneficial interest in any distributions from the Fund and in the net assets of the Fund. All units are of the same class with equal rights and privileges and are not subject to future calls or assessments. Each unit entitles the holder to one vote at all meetings of unitholders.

Trust units are redeemable at any time at the option of the holder at a price based on market value as defined in the trust agreement, subject to a maximum of \$50,000 in cash redemptions by the Trust in any one month. The limitation may be waived at the discretion of the Trustees of the Fund. Redemption in excess of these amounts, assuming no waiving of the limitation, shall be paid by way of a pro-rata distribution of securities held by the Trust.

On March 23, 2004 the Fund completed a private placement of 1,220,000 trust units at a price of \$14.80 per unit for gross proceeds of \$18,056,000. The Fund incurred costs of \$631,467 which yielded net proceeds of \$17,424,533. The net proceeds are to be utilized to fund an expansion of the Company's processing capacity.

The following table summarizes the Fund's trust unit transactions:

	Number of units	Gross proceeds	Issuance costs	Net proceeds
Balance at December 31, 2003, being the initial issuance of trust units	5,455	\$ 54,552	\$ 4,833	\$ 49,719
March 23, 2004 private placement	1,220	18,056	631	17,425
Balance at December 31, 2004 and 2005	6,675	\$ 72,608	\$ 5,464	\$ 67,144

9. COMMITMENTS

The Company has, in the normal course of business, entered into various contracts. As at December 31, 2005, these contracts included approximately \$899,105 related to the Company's expansion of production capacity. The balance relates to operating payments, including commitments for the purchase of green coffee in the amount of \$3,922,257, natural gas, and the lease of the Company's facilities. The current term of the facilities lease expires in 2008, but the lease contains four further optional renewal terms totaling 20 years. A summary of future minimum payments is as follows:

2006	\$ 5,753
2007	215
2008	90
Total payments	\$ 6,058

10. FINANCIAL INSTRUMENTS

The Fund's financial instruments consist primarily of cash and bank indebtedness, accounts receivable, income taxes receivable, accounts payable, and accrued liabilities, all of which have fair values approximately equal to carrying values due to the immediate or short-term nature of these financial instruments.

Commodity price risk

The Company utilizes certain forward contracts to manage its commodity price exposure. The Company sells commodity forward contracts for coffee beans on the Coffee, Sugar, and Cocoa Exchange in order to fix the input cost of green coffee beans. As at December 31, 2005 the Company had sold forward contracts for 675,000 lbs (December 31, 2004 – 1,912,500 lbs) of green coffee beans, with the contracts maturing in July 2006. The unrealized loss related to these future contracts at December 31, 2005 is \$67,970 (December 31, 2004 – \$326,436).

The Company does not engage in trading or other speculative use of these financial instruments.

Foreign currency risk

The Company realizes a significant portion of its sales in foreign currencies, principally U.S. dollars. During the year, the Company entered into forward exchange contracts to manage exposure to currency rate fluctuations related primarily to its future net cash flows of U.S. dollars from sales. The purpose of the Company's foreign currency hedging activities is to minimize the effect of exchange rate fluctuations on business decisions and the resulting uncertainty on future financial results. At December 31, 2005, the Company has forward exchange contracts to buy and sell \$360,000 and \$7,500,000 U.S. dollars respectively (December 31, 2004 – contracts to sell \$4,880,000) from January through to November 2006 at various Canadian exchange rates ranging from \$1.14 to \$1.25. At December 31, 2005, the unrealized loss and gain on the foreign exchange contracts were approximately \$1,756 and \$233,435 respectively (December 31, 2004 – unrealized gain of \$243,253).

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its line of credit and credit facility as described in Note 3. Because of the minimal utilization of these lines, the Company considers this risk to be minimal.

(10. FINANCIAL INSTRUMENTS – continued)*Concentration of credit risk*

The Company is exposed to credit risk with respect to its accounts receivable; however, this is minimized by the Company's large customer base. The Company follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary.

11. SEGMENTED INFORMATION

The Company's sales are primarily generated in the following geographic markets:

	Year ended December 31 2005	Year ended December 31 2004
Revenue		
Canada	\$ 8,586	\$ 7,866
United States	14,782	14,420
Other	2,452	2,531
	<u>\$ 25,820</u>	<u>\$ 24,817</u>

Revenues from one major customer of \$4,280,914 (2004 – \$4,521,883) represented 17% (2004 – 18%) of total revenues for the year, and represented 10% (2004 – 26%) of total accounts receivable at December 31.

12. GUARANTEES

In the normal course of its operations, the Fund has entered into an agreement whereby the Fund guarantees a minimum processing volume to a customer through to 2007. If this minimum volume is not delivered, and if the customer incurs incremental costs and direct damages of processing through other sources, then the Fund will be liable to reimburse the customer for all such incremental costs.

The Fund is not able to make a reasonable estimate of the maximum potential amount it could be required to pay due to the unique nature of its processing service. The Fund has never made any payment under such agreements and no amount has been accrued in the consolidated financial statement with respect to these obligations.

13. SUBSEQUENT EVENTS

The fund paid distributions of \$0.0708 per unit on January 16, 2006 and February 15, 2006 to unitholders of record on December 30, 2005 and January 31, 2006, respectively. The fund has also declared a distribution of \$0.0708 per unit on February 17, 2006 to unitholders of record on February 28, 2006.

Board of Trustees

Alton McEwen

Corporate Director

Alton is an experienced business executive with an excellent reputation in the worldwide specialty coffee industry. He was CEO of The Second Cup Ltd., Canada's leading specialty coffee retailer, from 2000 until his retirement in 2004, previously serving on the company's board and overseeing its US operations. In addition, he brings strong packaged goods and food service expertise gained through prior senior management positions with mmmuffins Ltd., Rowntree Canada, Laura Secord and Catelli Ltd. Alton is a graduate of McGill University.

Daniel A. Sitnam

President and CEO, Helijet International Inc.

Daniel is the founder of Helijet International Inc., the most successful scheduled helicopter service in North America. In his capacity as President and CEO, he oversees all financial, commercial and operational facets of the company, as well as its respective operating units, Helijet Charters and Pacific Helijet Services. Daniel has received several awards and much recognition within the business community for his entrepreneurial accomplishments.

Richard T. Mahler

Corporate Director

Richard was Executive Vice President and CFO of Finning International Inc., the world's largest Caterpillar dealer, from 1990 until his retirement in 2003. In addition to serving on our board of trustees, Richard is Chair, Partnerships BC, Chair, Sterling Shoes Income Fund, a Director of Fording ULC, and Vice-Chair of the VGH/UBC Hospital Foundation. He holds an MBA from McMaster University, and a B.Sc. in Mathematics and Computer Science from the University of Waterloo.

David J. Rowntree - Chairman

Managing Director, Tricor Pacific Capital Inc.

David is a founder and Managing Director of Tricor Pacific Capital, Inc., a private equity investment firm. Prior to founding Tricor, David spent 16 years as a practicing lawyer both in public practice and as in-house counsel. David was Associate Counsel with Stikeman, Elliott, a Canadian-based global law firm. Before joining Stikeman, Elliott, David was a principal and Executive Vice-President of MacLuan Capital Corporation. Prior to that, he was Vice-President and General Counsel of Jim Pattison Industries Ltd. David holds a Bachelor of Arts degree from the University of British Columbia and a Bachelor of Law degree from Osgoode Hall Law School in Toronto, Ontario.

Burt Dennis

Former Chief Financial Officer, SWDCC

Burt brings more than 14 years diverse experience as a former CFO of SWDCC. He has worked to build sales and earnings at a range of companies – from high-growth technology-based businesses to real estate development corporations – and has extensive corporate finance experience. Burt holds a Bachelor of Commerce degree from the University of British Columbia, and a Chartered Accountant designation.

FRANK A. DENNIS

President and CEO, SWDCC

Frank has led SWDCC since it separated from Kraft Foods in 2000. A proven brand-builder, Frank has worked within the coffee industry for more than 10 years. Past positions include Business Director of Kraft Foods Coffee Division, where he oversaw the growth of the Swiss Water® Process brand and the development of brands such as Nabob and Maxwell House. Frank holds a B.A. from the University of Western Ontario and an M.B.A. from the University of Toronto.

Unitholder Information

SWISS WATER DECAFFEINATED COFFEE COMPANY INC.

SENIOR MANAGEMENT

Frank A. Dennis
*President &
Chief Executive Officer*

Ben Hieltjes
Vice President Sales

Jeffrey MacVicar
Plant Manager

Dave Wong
Controller

DIRECTORS

David Rowntree
*Chairman of the Board
of Trustees
Managing Director
Tricor Pacific Capital Inc.*

Frank A. Dennis
*President &
Chief Executive Officer*

Burt Dennis
Former Chief Financial Officer

Richard T. Mahler
Corporate Director

Alton McEwen
Corporate Director

Daniel A.J. Sitnam
*President &
Chief Executive Officer
Helijet International Incorporated*

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SWISS WATER DECAFFEINATED COFFEE INCOME FUND

TRUSTEES

David Rowntree
*Chairman of the Board
of Trustees
Managing Director
Tricor Pacific Capital Inc.*

Frank A. Dennis
*President &
Chief Executive Officer
Swiss Water Decaffeinated
Coffee Company Inc.*

Burt Dennis
*Former Chief Financial Officer
Swiss Water Decaffeinated
Coffee Company Inc.*

Richard T. Mahler
Corporate Director

Alton McEwen
Corporate Director

Daniel A.J. Sitnam
*President &
Chief Executive Officer
Helijet International
Incorporated*

INVESTOR RELATIONS

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AUDITORS

Deloitte & Touche LLP
Vancouver, British Columbia

UNITS LISTED

Toronto Stock Exchange
Trading Symbol: **SWS.UN**

TRANSFER AGENT

Computershare Investor
Services Inc.

ANNUAL GENERAL MEETING

Wednesday, May 31, 2006
11:00 am Pacific Time
The Terminal City Club
837 West Hastings Street
Vancouver, BC



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